

REGISTERED NUMBER 06772267 (England and Wales)

**Report of the Director and
Financial Statements For The Year Ended 31 December 2011
for
ANDREWS WATER TREATMENT LIMITED**

WEDNESDAY



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ANDREWS WATER TREATMENT LIMITED (REGISTERED NUMBER 06772267)

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For The Year Ended 31 December 2011**

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ANDREWS WATER TREATMENT LIMITED

Company Information

For The Year Ended 31 December 2011

DIRECTOR Mr C Hill

SECRETARY Mr C Hill

REGISTERED OFFICE Aqua Cure House
Hall Street
Southport
Merseyside
PR9 0SE

REGISTERED NUMBER 06772267 (England and Wales)

AUDITOR Deloitte LLP
Southampton
United Kingdom

ANDREWS WATER TREATMENT LIMITED (REGISTERED NUMBER: 06772267)

**Report of the Director
For The Year Ended 31 December 2011**

The director presents his report with the financial statements of the company for the year ended 31 December 2011

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of water treatment products supply

GOING CONCERN

The Company is in a net current liabilities position. Aqua Cure Limited, the immediate parent company, has indicated that it will continue to provide ongoing financial support to the Company and will not seek repayment of its inter-company loan, if it would be detrimental to the business. The continued provision of this inter-company loan and the profitability of the Company means that the director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, he continues to adopt the going concern basis in preparing the annual financial statements.

REVIEW OF BUSINESS

Despite difficult trading and economic conditions throughout the year, the director is pleased to report a significant increase in turnover. This increase in turnover, from £165,539 in 2010, to £263,755, combined with good margin and overhead control, has also resulted in the first year of profit since the Company's incorporation.

The director is satisfied with the trading performance of the Company.

On 8 March 2011 the Company was acquired by Aqua Cure Limited.

Key Performance Indicators

	2011	2010	Change
Financial Metrics			
Turnover	£264k	£166k	59%
Gross profit	£114k	£67k	71%
Gross margin	43%	40%	3%
Operating margin	9%	(4)%	12%
People			
Average number of employees	3	3	0%

Principal Risks and Uncertainties

The principal risks that face the company are in the opinion of the director -

Price volatility - the director believes that the Company is small enough to react to changes in market prices and conditions to mitigate this risk as far as possible.

Customer stability - the Company prides itself on working closely with all customers on a personal level and forging relationships that help to mitigate risk.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2011 (2010: £nil).

FUTURE DEVELOPMENTS

The director expects the Company to remain in profit during 2012 and looks forward to the continued benefit of a shared back office support from its parent, Aqua Cure Limited.

DIRECTORS

The directors who have held office during the period from 1 January 2011 to the date of this report are as follows:

Mr A D Greenhalgh - resigned 4 January 2011
Mr C Hill - appointed 4 January 2011

**Report of the Director
For The Year Ended 31 December 2011**

COMPANY'S POLICY ON PAYMENT OF CREDITORS

Whenever possible the company agrees terms of payment with the individual suppliers at the point of first placing orders with the suppliers. Significant amendments to established terms are discussed with suppliers before the amendments take effect. The company always endeavours to abide by agreed terms.

The amount of trade creditors at the balance sheet date represents 0 days (2010 - 101 days) of average daily purchases for the company.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITOR

The auditor, Deloitte LLP, was appointed on 13 April 2011 and will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

BY ORDER OF THE BOARD



Mr C Hill - Secretary

2 May 2012

Report of the Independent Auditor to the Members of Andrews Water Treatment Limited

I have audited the financial statements of Andrews Water Treatment Limited for the year ended 31 December 2011 comprising the Profit and Loss account, Balance Sheet and related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. My audit work has been undertaken so that I might state to the company's members those matters I am required to state to them in an Audit Report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the company and the company's members as a body, for my audit work, for this report, or for the opinions I have formed.

Respective responsibilities of director and auditor

As explained more fully in the Statement of Director's Responsibilities set out on page three, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the director, and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Report of the Director to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

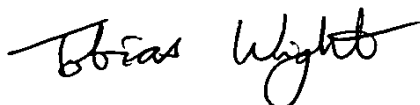
Opinion on other matter prescribed by the Companies Act 2006

In my opinion the information given in the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you if, in my opinion

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by me, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of director's remuneration specified by law are not made, or
- I have not received all the information and explanations I require for our audit, or



Tobias Wright (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Southampton
United Kingdom

Date

8 May 2012

ANDREWS WATER TREATMENT LIMITED (REGISTERED NUMBER 06772267)

Profit and Loss Account

For The Year Ended 31 December 2011

	Notes	2011 £	2010 £
TURNOVER	2	263,755	165,539
Cost of sales		<u>(149,843)</u>	<u>(98,973)</u>
GROSS PROFIT		113,912	66,566
Distribution costs		(126)	(596)
Administrative expenses		<u>(90,534)</u>	<u>(73,394)</u>
OPERATING PROFIT/(LOSS) and PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	4	23,252	(7,424)
Tax on profit/(loss) on ordinary activities	5	<u>(1,336)</u>	<u>-</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>21,916</u>	<u>(7,424)</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the current year and the loss for the previous year

The notes form part of these financial statements

ANDREWS WATER TREATMENT LIMITED (REGISTERED NUMBER 06772267)

Balance Sheet
31 December 2011

	Notes	2011 £	2010 £
FIXED ASSETS			
Intangible assets	6	16,918	18,250
Tangible assets	7	<u>4,992</u>	<u>9,989</u>
		<u>21,910</u>	<u>28,239</u>
 CURRENT ASSETS			
Stocks	8	50	50
Debtors	9	6,249	8,935
Cash at bank and in hand		<u>6,160</u>	<u>14,862</u>
		12,459	23,847
CREDITORS			
Amounts falling due within one year	10	<u>(30,846)</u>	<u>(71,477)</u>
NET CURRENT LIABILITIES		<u>(18,387)</u>	<u>(47,630)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,523	(19,391)
PROVISIONS FOR LIABILITIES	12	<u>(998)</u>	-
NET ASSETS/(LIABILITIES)		<u>2,525</u>	<u>(19,391)</u>
 CAPITAL AND RESERVES			
Called up share capital	13	1	1
Profit and loss account	14	<u>2,524</u>	<u>(19,392)</u>
SHAREHOLDERS' FUNDS	16	<u>2,525</u>	<u>(19,391)</u>

The financial statements were approved by the director on 2 May 2012 and were signed by



Mr C Hill - Director

The notes form part of these financial statements

Notes to the Financial Statements
For The Year Ended 31 December 2011

1 ACCOUNTING POLICIES

Basis of preparing the financial statements

The following accounting policies have been applied consistently, in the current and preceding year, in dealing with items which are considered material in relation to the financial statements

Accounting convention

The financial statements have been prepared in accordance with applicable UK accounting standards, and under the historical cost accounting rules

Going concern

The Company is in a net current liabilities position. Aqua Cure Limited, the immediate parent company, has indicated that it will continue to provide ongoing financial support to the Company and will not seek repayment of its inter-company loan if it would be detrimental to the business. The continued provision of this inter-company loan and the profitability of the Company means that the director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, he continues to adopt the going concern basis in preparing the annual financial statements

Cash Flow Statement

Under FRS1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

Turnover

Turnover represents amounts invoiced in respect of the sale of water treatment products. Turnover is recognised at the point of delivery of goods and is stated exclusive of value added tax and trade discounts

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2009, is being amortised evenly over its estimated useful life of twenty years

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and any provision for impairment

Depreciation is provided on a straight line basis calculated to write off the cost of each class of asset over its anticipated useful economic life as follows

Fixtures and fittings	- 25% on cost
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Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

Notes to the Financial Statements - continued
For The Year Ended 31 December 2011

1 ACCOUNTING POLICIES - continued

Related party transactions

As 100% of the company's voting rights are controlled within the group headed by Waterlogic Plc, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Waterlogic Plc, within which this company is included, can be obtained from Waterlogic Plc, IFG House, 15 Union Street, St Helier, Jersey, Channel Islands JE1 1FG.

2 TURNOVER

Turnover and profit (2010 loss) before taxation are attributable to the one principal activity of the Company and have been derived wholly in the United Kingdom.

3 STAFF COSTS

	2011 £	2010 £
Wages and salaries	49,826	42,728
Social security costs	<u>4,167</u>	<u>762</u>
	<u>53,993</u>	<u>43,490</u>

The average monthly number of employees during the year was as follows

	2011	2010
Sales & distribution	<u>3</u>	<u>3</u>

4 OPERATING PROFIT/(LOSS)

The operating profit (2010 - operating loss) is stated after charging

	2011 £	2010 £
Other operating leases	7,170	6,800
Depreciation - owned assets	4,997	3,248
Goodwill amortisation	<u>1,332</u>	<u>1,000</u>
Directors' remuneration	<u>-</u>	<u>14,213</u>

Directors' remuneration and group audit fee of £10,000 (2010 nil) have been borne by Aqua Cure Limited in the current year.

5 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	2011 £	2010 £
Current tax		
UK corporation tax	338	-
Deferred tax	<u>998</u>	<u>-</u>
Tax on profit/(loss) on ordinary activities	<u>1,336</u>	<u>-</u>

UK corporation tax has been charged at 20.25%

Notes to the Financial Statements - continued
For The Year Ended 31 December 2011

5 TAXATION - continued

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	2011 £	2010 £
Profit/(loss) on ordinary activities before tax	<u>23,252</u>	<u>(7,424)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.250% (2010 - 21%)	4,709	(1,559)
Effects of		
Expenses not deductible for tax purposes	60	-
Capital allowances for the period less than depreciation	1,012	(330)
Tax losses (brought)/carried forward	<u>(5,443)</u>	<u>1,889</u>
Current tax charge	<u>338</u>	<u>-</u>

6 INTANGIBLE FIXED ASSETS

COST

At 1 January 2011
and 31 December 2011

Goodwill
£

20,000

AMORTISATION

At 1 January 2011
Amortisation for year

1,750

1,332

At 31 December 2011

3,082

NET BOOK VALUE

At 31 December 2011

16,918

At 31 December 2010

18,250

Notes to the Financial Statements - continued
For The Year Ended 31 December 2011

7 TANGIBLE FIXED ASSETS

	Fixtures and fittings £
COST	
At 1 January 2011 and 31 December 2011	<u>15,894</u>
DEPRECIATION	
At 1 January 2011	5,905
Charge for year	<u>4,997</u>
At 31 December 2011	<u>10,902</u>
NET BOOK VALUE	
At 31 December 2011	<u>4,992</u>
At 31 December 2010	<u>9,989</u>

8 STOCKS

	2011 £	2010 £
Stocks	<u>50</u>	<u>50</u>

There is no material difference between the balance sheet value of stocks and their replacement cost

9 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Trade debtors	4,124	6,809
Other debtors	1,700	1,700
Called up share capital not paid	-	1
Prepayments and accrued income	<u>425</u>	<u>425</u>
	<u>6,249</u>	<u>8,935</u>

10 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Trade creditors	-	32,183
Amounts owed to group undertakings	22,692	-
Corporation tax	338	-
Social security and other taxes	4,885	5,504
Other creditors	-	32,455
Accrued expenses	<u>2,931</u>	<u>1,335</u>
	<u>30,846</u>	<u>71,477</u>

Notes to the Financial Statements - continued
For The Year Ended 31 December 2011

11 OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year

	Land and buildings	
	2011 £	2010 £
Expiring Within one year	<u>1,133</u>	<u>-</u>

12 PROVISIONS FOR LIABILITIES

	2011 £	2010 £
Deferred tax	<u>998</u>	<u>-</u>
		Deferred tax £
Accelerated capital allowances		<u>998</u>
Balance at 31 December 2011		<u>998</u>

13 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number	Class	Nominal value £1	2011 £	2010 £
1	Ordinary shares		<u>1</u>	<u>1</u>

14 RESERVES

	Profit and loss account £
At 1 January 2011	(19,392)
Profit for the year	<u>21,916</u>
At 31 December 2011	<u>2,524</u>

15 ULTIMATE CONTROLLING PARTY

During the year under review the Company was acquired by Aqua Cure Limited, a company incorporated in England & Wales, whose ultimate parent company and controlling party is Waterlogic Plc which is incorporated in Jersey

The group of which Waterlogic Plc is the parent organisation, forms the largest and smallest group preparing consolidated accounts which include Andrews Water Treatment Limited. Its address is IFG House, 15 Union Street, St Helier, Jersey, Channel Islands JE1 1FG

Notes to the Financial Statements - continued
For The Year Ended 31 December 2011

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011	2010
	£	£
Profit/(loss) for the financial year	<u>21,916</u>	<u>(7,424)</u>
Net addition/(reduction) to shareholders' funds	21,916	(7,424)
Opening shareholders' funds	<u>(19,391)</u>	<u>(11,967)</u>
Closing shareholders' funds	<u>2,525</u>	<u>(19,391)</u>